

Message Text

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PAGE 01 HELSIN 02275 211521Z

53

ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-02

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 LAB-04

SIL-01 TAR-01 DODE-00 PM-04 H-02 L-03 PA-02 PRS-01

/106 W

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P R 180821Z OCT 75

FM AMEMBASSY HELSINKI

TO SECSTATE WASHDC PRIORITY 9270

INFO AMEMBASSY COPENHAGEN

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

AMEMBASSY WARSAW

AMEMBASSY OTTAWA

USMISSION GENEVA

USMISSION OECD PARIS

USMISSION EC BRUSSELS

UNCLAS HELSINKI 2275

C O R R E C T E D C O P Y FOR ADDITIONAL INFO ADDRESSEES

E.O. 11652: N/A

TAGSC ECON FI

SUBJECT: SURTAX ON PASSENGER CARS IS LATEST FINNISH MEASURE COPE
WITH TRADE DEFICIT

REF: HELSINKI 2272 ?(NOTAL)

1. FOLLOWING BANK OF FINLAND TIGHTENING OF CREDIT SCREWS
(REFTEL), GOF EXPERT GOVERNMENT ANNOUNCED OCT 17 SURTAX ON NEW
PASSENGER CARS AND MOTORCYCLES OF 30 PERCENT UNTIL JAN 1, 1976,
THEN 20 PERCENT TO JULY 1, 1976, THEN 10 PERCENT
TO JAN 1, 1977.

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SINCE DOMESTICALLY ASSEMBLED CARS ACCOUNT FOR ONLY SMALL PART

OF MARKET, GOF MEASURE INTENDED DETER IMPORT OF PASSENGER CARS AND MOTORCYCLES THIS YEAR WHEN OVER 20 PERCENT OF FINNISH IMPORTS BEING FINANCED BY BORROWING NOT EXPORTS. ONLY 15 PERCENT OF FINNISH IMPORTS ARE CONSUMER GOODS AND PASSENGER CARS ACCOUNT FOR ABOUT 20 PERCENT OF CONSUMER GOODS IMPORTS.

2. ONE AUTO DEALER PREDICTED HALF OF AUTO DEALERSHIPS WILL HAVE TO CLOSE BY END OF YEAR IF FINNISH PARLIAMENT DOES NOT CHANGE GOF MEASURE. TRADE IN USED CARS EXPECTED TO INCREASE, HOWEVER.

3. COMMENT: SURTAX ON PASSENGER CARS IS TYPE OF IMPORT LIMITING MEASURE FAVORED BY LEFTIST PARTIES AS WAY TO DEAL WITH TRADE IMBALANCE, WHILE LEFTIST PARTIES GENERALLY AND COMMUNISTS IN PARTICULAR HAVE OPPOSED TIGHT MONEY POLICY (REFTEL). GOF APPARENTLY TRYING TO AVOID DIRECT REDUCTION OF CONSUMER DEMAND, SINCE DRAFT BUDGET FOR 1976 ASSUMES 1 PERCENT RISE IN REAL INCOMES. GOF APPARENTLY STILL TRYING AVOID DEVALUATION DESPITE NEW EVIDENCE OF GROWING FINNISH INABILITY TO COMPETE. PRESS HERE CARRIED STORY OCT 16 THAT FINLAND HAD LOST TO CANADA MULTIMILLION DOLLAR CONTRACT TO KWIDZYN, POLAND WOODPROCESSING PLANT. FINNS HAD EXPECTED LAND THIS CONTRACT FOLLOWING SIGNATURE IN NOVEMBER 1974 DURING GIEREK VISIT HERE OF INTERGOVERNMENTAL AGREEMENT THAT FINNS WOULD BUILD KWIDZYN PLANT AND TAKE POLISH COAL IN PAYMENT.
HOUSTON

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Message Attributes

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Disposition Approved on Date:
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Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Margaret P. Grafeld
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